



# Employer Handbook





# EMPLOYER HANDBOOK

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## ABOUT THIS HANDBOOK

This handbook is designed to help you understand the procedures needed to administer your PERF program. It covers employer responsibilities as well as employee benefits. It also explains how to complete PERF forms.

For additional information, you can refer to these sources:

- [PERF Member Handbook](#)
- [Indiana Codes 5-10.2 and 5-10.3](#)
- [Title 35 of the Indiana Administrative Code](#)
- [Indiana Pension Handbook](#)

While every attempt has been made to verify that the information in this handbook is correct, PERF does not make any representation or warranty as to the completeness or accuracy of the information provided herein. The content of this handbook does not constitute legal advice. In the event of a conflict between the information in this handbook and the law, the law must be followed.

### ***Our Mission***

We are committed to serve — through exceptional customer service — our employers, our members and their families, in achieving their retirement goals and financial security.

**Visit**  
**[www.perf.in.gov](http://www.perf.in.gov)**  
**and click on**  
**“Log in Here”**

## PERF ONLINE

**PERF Online** offers employers many convenient services to administrate PERF and to help employees manage their accounts.

### **Member Functions that Employers Can Perform**

- Change member address
- Run retirement benefit estimate with member's actual account data
- Run service purchase estimate with member's actual account data
- Create membership record to enroll employee in PERF

### **Employer Functions**

- Complete separation from employment
- Certify employee wage and service information
- Complete final wage report
- View member's service credit
- Upload quarterly wages and contributions report
- Change your organization's password and modify PERF Online preferences like whether or not to receive email confirmations
- Change password

### ***Learn More about PERF Online***

PERF offers workshops around the state to educate employers about PERF Online. To reserve your seat, go to [PERF Online](#) and complete the form. You may also call us, toll-free, at (888) 526-1687 with any PERF Online questions.

## **ADMISSION TO THE FUND**

A political subdivision may become a participant in the fund after approval by its governing body. The governing body of a political subdivision determines the employee positions that will be covered under its PERF Resolution.

When a political subdivision joins PERF, the governing body must agree to comply with the laws and regulations pertaining to the fund. These include:

- Indiana Codes [5-10.2](#) and [5-10.3](#)
- Title 35 of the Indiana Administrative Code

### ***Eligibility for Participation***

If a participating political subdivision plans to enroll a position in PERF, that position must be classified as full time by the governing body, and the employee must work a minimum of 1,000 hours per year. A school corporation employee must work a minimum of 600 hours per year. Any position not meeting these requirements does not qualify for membership in the PERF program.

### ***Covering Additional Positions***

If you want to cover additional positions under the plan (also called an enlargement), you must contact PERF. Employers may enlarge their PERF coverage on Jan. 1 or July 1 of any given year. If you elect to cover an additional position, all full-time employees working in that position must be covered.

### **The process for adding positions to PERF coverage:**

- 1) Employer completes an Actuarial Survey Form provided by PERF.  
(Fee: \$325 plus \$2 per employee listed)
- 2) PERF's actuary determines the employer rate. PERF will notify you of the amount.
- 3) Employer's governing body approves and signs resolution to participate in PERF.
- 4) PERF's Board of Trustees approves both new and enlargement resolutions.

### ***Withdrawal from the Fund***

Indiana Code [5-10.3-6-8](#) permits an employer to withdraw from the fund. This section covers complete withdrawals as well as withdrawal of a departmental, occupational or other definable classification of employee. This includes the privatization of government functions.

Except in cases where the employer ceases to exist as a political entity, there is a two-year waiting period following notice to the PERF board of intent to withdraw.

◀ **Employers who have elected to cover all full-time positions must periodically provide PERF notice of position title changes and updates.**

All present and future pension obligations must be fully funded at the time of withdrawal. In addition, the proposed withdrawal must not affect the fund's compliance with Section 401(a)(4) of the Internal Revenue Code. This is the section of the internal revenue code that prevents current taxation of members for money set aside on their behalf. Any employer considering a full or partial withdrawal should contact PERF as early as possible for guidance.

### ***Authorized Agent for Signing Forms***

The governing body of the employer must use an Authorized Agent Resolution ([on employer forms web site](#)) to designate an authorized agent or agents to accept pension liability on behalf of that governing body. This agent(s) must sign PERF forms. The agent who wishes to designate someone else to use a facsimile signature or sign his/her name must submit a letter on company letterhead and signed by the authorized agent indicating who is authorized. Such person(s) must initial the stamped or written authorized agent signature.

### ***Submitting Membership Records and Quarterly Reports to PERF***

Indiana Code [5-10.3-7-10](#) requires all new membership records be submitted to PERF not more than 30 days after the member's date of hire. Indiana Code [5-10.3-7-12.5](#) gives the PERF board the authority to levy fines of \$100 for each day the records or reports are late. New PERF Online functionality allows employers to submit membership records online

A quarterly report and payment of employee contributions and employer contributions shall be due in the PERF office no later than the fifteenth day following the end of each calendar quarter based on [35 IAC 1.2-6-1](#). (Specifically Jan. 15, April 15, July 15 and Oct. 15.)

### ***Contribution Rate***

Each employer contributes at an actuarially determined rate. This rate is reevaluated annually and usually is given to employers by Dec. 31 of the fiscal year two years prior to the fiscal year in which it applies. The contributions are made to fund the employer's pension obligations. The amount is expressed as a percentage of gross payroll.

### ***Changes in Employer Contribution Rate***

The employer's rate may change from year to year depending upon the particular employer's current pension obligations. Factors that may cause a change in rates are investment returns, turnover, mortality experience, an increase in membership or wages, recent retirements, members reaching vesting status, and certification of prior creditable service for current or former employees.

## **MEMBERSHIP**

### ***Enrollment***

**U**nder state law, a person hired in a PERF-covered position is required to become a PERF member on the first day of employment. PERF requires that employers submit a Membership Record within 30 days after the employ-

ee's date of hire. This record may be submitted electronically by logging on to PERF Online. This means that there can be no probationary period of employment for any employee, regardless of job description, for determining PERF coverage. The law will not permit an employer to classify an employee as less than full-time for purposes of delaying PERF coverage, when the employee is actually performing full-time duties or working full-time hours.

### ***Eligibility***

#### **Who Cannot Participate in PERF**

1. Employees hired in the event of an emergency.
2. Employees who are paid wholly on a fee basis or as an independent contractor.
3. Employees who occupy positions covered by your PERF Resolution and at the same time occupy positions covered by another retirement or pension plan supported in whole or in part by either the state of Indiana or a participating political subdivision including:
  - State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan,
  - Judges' Retirement System,
  - Legislators' Retirement System, and
  - 1977 Police Officers' and Firefighters' Pension and Disability Fund.
4. Officials of a political subdivision elected by vote of the people, unless the governing body specifically provides for the participation of locally elected officials.
5. Employees occupying positions normally requiring performance of service of less than six hundred (600) hours during a year who:
  - (A) were hired before July 1, 1982; or
  - (B) are employed by a participating school corporation.
6. Employees, except employees of a participating school corporation, hired after June 30, 1982, occupying positions normally requiring performance of service of less than one thousand (1,000) hours during a year. Note: This does not apply to those PERF members who are authorized to participate simultaneously in the Indiana Teachers' Retirement Fund.

### ***Participation Election for School Employees***

School employees who work more than 600 hours and less than 1,000 hours and are employed in a PERF-covered position may choose to become a member of PERF. If the employee elects not to become a member upon date of hire, he may choose to become a member at a later date. The required Participation Election form must be completed and filed with PERF along with a completed Membership Record, which can be completed by logging into **PERF Online**. (These forms are located at [www.in.gov/perf/agency/employer\\_forms.html](http://www.in.gov/perf/agency/employer_forms.html).) The employee is eligible to begin accruing creditable service on the date the election form is signed. The employee will not

be eligible to receive service credit during the time he or she chose not to become a member and no employee and employer contributions were reported to PERF.

**Note: Once an employee becomes a member of PERF, he or she cannot opt out of the fund. Also, if an employee is working more than 1,000 hours and is a member of PERF and goes into a 600 to 1,000 hour position, he or she must remain in PERF.**

### ***Employer Contributions***

The employer contributions fund the employer's pension obligations. These contributions do not fund individual employee accounts.

### ***Member Contributions***

PERF-covered employees are required by state law to contribute 3 percent of their gross wages (regular and overtime pay) to the fund. Effective July 1, 1986, Indiana law required the state of Indiana to pay the 3 percent contributions for state employees as part of a wage adjustment. Under the law, local units of government and universities have the option of paying their employees' 3 percent contributions as part of a wage adjustment.

The 3 percent contributions made by either the employee or employer are sent to PERF for deposit in an Annuity Savings Account (ASA). These contributions and accumulated interest credits are distributable to the employee should the employee terminate employment prior to being eligible for benefits. Once an employee with less than ten years of service terminates employment and his/her Annuity Savings Account has been inactive for ten years, the investments in the Guaranteed Fund will no longer accrue interest.

PERF can accept pre- and post-tax voluntary contributions from active members subject to certain conditions. For more information, visit the voluntary pre-tax contribution section of PERF's website.

### ***Vested Status***

Under state law, vested status is defined as 10 or more years of creditable service under PERF. A member who has attained vested status will be entitled to benefits when meeting the age and service requirements for either early or normal retirement.

**An elected county official, whose governing body has provided for the official's participation in PERF, is vested if the official:**

- 1) has served as an elected county official in an office described in Article 6, Section 2, of the Indiana Constitution (clerk of the circuit court, auditor, recorder, treasurer, sheriff, coroner, or surveyor) for at least 8 years; and
- 2) is prohibited by Article 6, Section 2, of the Indiana Constitution from serving in that office for more than 8 years in any 12-year period.

An elected county official described above who has been elected at least twice and would have served for 8 years had the official's term of office not been shortened by a law that makes the terms of office for constitutional county officeholders uniform is also vested.

Members who terminate employment with 10 years of service and before becoming eligible for benefits will retain vested rights only if their Annuity Savings Account funds are not withdrawn. If the funds are not withdrawn, those funds will be credited with interest until the member initiates a retirement benefit.

A vested member who separates from employment and receives a distribution of his Annuity Savings Account before retirement will forfeit all PERF service credit. In general, the only way a member may reinstate this service credit is by returning to work in a PERF-covered position and contributing to the fund for a period of six consecutive months.

### ***Creditable Service***

Your employees will receive service credit for each period of continuous employment in a PERF-covered position from the date of hire to the last day in pay status. In addition, they may be entitled to service credit during military service and certain types of leave. **Members are entitled to six months of creditable leave in any given four year period. However, employers ultimately decide for what leaves they will accept liability. Certain types of leaves, such as FMLA and adoption, are federally mandated to be creditable. If a member goes on an unpaid leave of absence for personal reasons, the employer may report it as creditable leave. However, PERF will only grant six months of service credit.**

Under Indiana Code [5-10.2-3-1](#), employees are entitled to service credit if their position was not covered by PERF at the time of employment, but came under coverage before January 1, 1985.



The law also allows a member who has past service in a position that was not covered by PERF, to earn credit for that service if the position is covered after Dec. 31, 1984, while that member holds that position or another position with the same employer. However the employer's governing body may include in its PERF Resolution a specific date from which prior service for its employees will be computed.

If a prior service credit date is provided in the resolution, any service before that date will not be used in computing benefits. However, Indiana Code [5-10.3-7-7.5](#) states that service with the employer before the prior service date will be used for the purpose of determining eligibility for benefits.

If you have any questions about these plan provisions, please contact PERF's Employer Liaison.

### ***Employer Certification of Creditable Service***

An employee who wants to verify prior service credit with a former or current employer is responsible for having that former or current employer log into [PERF Online](#) to certify the service or complete the [Certification of Creditable Service Form](#).

**The employer needs to provide the following information about the employee:**

- name, and social security number, and
- title of each PERF-covered position, beginning date of employment, and last day in pay status.

The employer's authorized agent must sign this form before PERF will accept it.

***Leave of Absence***

According to Indiana law, employers must report leaves of absence within 90 days of authorizing the leave. To report an authorized leave, complete the **Employer Approval of Authorized Leave** form and mail or fax it to PERF. The employer must accept pension liability for creditable leaves of absence. **Creditable leaves are determined by the employer. Typically, paid leaves are considered creditable.** During a qualifying paid leave of absence, both employer and employee contributions must be made and creditable service will be granted to the extent permitted by law.

***Family and Medical Leave Act (FMLA)***

Under Indiana Code, IC **5-10.3-7-6**, an employee may receive credit for up to 12 weeks of leave (**paid or unpaid**) taken during a calendar year under the **Family Medical Leave Act** (29 USC 2601, et. seq.). However this leave is creditable only for the purposes of determining eligibility and not for calculating benefits.

***Adoption Leave***

An employee is entitled to up to one year of service credit for Adoption Leave (paid or unpaid).

***Purchase of Out-of-State Service***

Indiana Code IC **5-10.3-7-4.5** provides for the purchase of out-of-state service credit with the Public Employees' Retirement Fund.

**In order to qualify for the purchase of this credit, the member must meet the following criteria:**

- 1) They must have at least one year of service in a PERF-covered position.
- 2) Prior service in another state must be in a comparable position that would be creditable service if performed in Indiana.
- 3) The member is no longer eligible to use those years to claim a retirement from any other retirement system.

If you have a member that meets these criteria and is interested in purchasing credit for out of state service, please instruct the member to fill out the **Purchase Out of State Service Form**.

## MEMBER STATEMENT OF ACCOUNT

**E**ach quarter, your participating employees will receive a statement of the contributions and earnings credits to their Annuity Savings Account. Annually, members will receive an Annual Member Statement similar to a Social Security

Statement that recaps PERF's records of wages and service credit. Both of these statements will be mailed directly to the member's home address, so it is critical that every effort be made to keep the member's address current in PERF's records. Members may update this information themselves by logging on to [www.perf.in.gov](http://www.perf.in.gov) and registering for **PERF Online**.

### ***Annuity Account Investment Options***

PERF offers six investment options from which members can choose to invest their ASA funds. To view or change investment options, members should log into PERF Online or complete the Investment Direction form.

### ***Guaranteed Fund***

The value of an investment in this fund can never decrease, regardless of the actual performance of the investments of the Fund. It also can increase only at the Board-approved rate in effect at that time. Guaranteed Fund assets are invested according to the asset allocation of the Defined Benefit Plan as approved by the PERF Board of Trustees. Guaranteed Fund investments include bonds, large capitalization stocks, small capitalization stocks, and other types of diversified investments. The Guaranteed Fund rate is set annually by the PERF Board of Trustees.

### ***Money Market Fund***

This fund aims to provide a capital preserving investment with a stable rate of return. Investments in this fund are typically high quality fixed-income securities. The maximum weighted average maturity is 90 days. The investment return generally comes from interest earned by the securities and not from a change in their market value.

### ***Bond Fund***

This fund seeks to match the return of the Lehman Brothers Aggregate Bond Index. The bond fund invests in fixed income securities, such as U.S. Treasury bonds, corporate bonds or mortgage-backed bonds. These investments are limited to well-rated or "investment grade" securities with credit ratings from independent rating agencies. The investment return generally comes from the interest earned by the securities and the changes in the market value of the securities.

### ***S&P 500 Stock Index Fund***

Widely regarded as a single gauge of the U.S. equities market, this index includes a representative sample of 500 leading companies on the large-cap segment of the market. With over 80 percent coverage of U.S. equities, it is considered a proxy for the total market.

### ***U.S. Small Companies Stock Fund***

The U.S. Small Cap Value Portfolio is an actively managed fund designed to capture the returns and diversification benefits of a broad cross-section of U.S. small value companies, on a market cap-weighted basis. The Portfolio invests in securities of U.S. companies whose size (market capitalization) falls within the smallest 8 percent of the market universe. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ National Market System.

***International Equity Index Fund***

This fund seeks to match the return of the Morgan Stanley Capital International (MSCI) Europe Australasia Far East (EAFE) Index by investing in stocks included in the index. The index is comprised of approximately 1,000 foreign stocks representing established companies in developed countries across Western Europe and the Pacific Rim. Examples include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

***Investment Rules***

- ✓ The member may change his investment direction as often as once per quarter.
- ✓ The **Investment Direction Form** must be received 30 days prior to the first day of the calendar quarter in which the selection is to be made effective. The four dates for investment directions to become effective throughout the calendar year are Jan. 1, April 1, July 1, and Oct. 1.
- ✓ The investment direction covers a member's current Annuity Savings Account balance and all future contributions.
- ✓ New enrolled members of PERF will be invested only in the Guaranteed Fund until they select other options PERF Online's **Investment Direction Form**.
- ✓ A member returning to PERF-covered employment will be subject to the same investment option elections as when the member left, regardless of whether the member elected to withdraw his/her Annuity Savings Account.

## COMPLETING THE MEMBERSHIP RECORD

Beginning Oct. 2007, **Membership Records** should be completed and submitted by logging into PERF Online. If there is insufficient information to process the membership record, it will be returned to the employer for additional information. New membership records must be submitted to PERF not more than 30 days after the member's date of hire.

**PERF requires completed Membership Records for the following situations:**

- ✓ New employees
- ✓ Re-employments
- ✓ Change of employment from one PERF-covered employer to another

We do not require another completed **Membership Record** when an employee is changing from one position to another (i.e. promotion) with the same employer or agency.

## CHANGING A BENEFICIARY

**Y**our employees have the right to change their primary or contingent beneficiary at any time prior to filing for retirement or disability benefits.

Your employees may name either single or multiple beneficiaries to receive their Annuity Savings Account if death occurs before retirement. In lieu of a named individual(s), your employee may also designate a trust or legal entity as his/her beneficiary. When naming a trust or legal entity as beneficiary, your employee must furnish PERF with the name, address and tax identification number of the trust or legal entity.

Your employees can designate a new beneficiary by logging into [PERF Online](#) or by filing a [Change of Beneficiary Form](#) (State Form 1856) with PERF. Failure to update beneficiaries could result in payment being made to a previously designated beneficiary.

## CHANGING A NAME AND/OR ADDRESS

**Y**ou must remind employees to report any name and/or address changes to the PERF office. Employees may go to [www.perf.in.gov](http://www.perf.in.gov) and register for [PERF Online](#). They may change address and beneficiary information electronically. They can also report any change on the [PERF Change of Name and/or Address Form](#) (State Form 946), available online. If the form is not available, they can submit their change to PERF in writing. They must include their:

- social security number,
- previous name and/or address,
- new name and/or address,
- printed name and signature, and
- employer's name.

The change of name request must be accompanied by the appropriate legal documentation such as a court order, divorce decree or marriage license. It is essential that members who are either terminating employment or retiring should report any address changes to PERF.

## SEPARATION FROM EMPLOYMENT

**I**t is extremely important that you furnish PERF with complete and accurate information whenever an employee leaves a PERF-covered position. This information allows us to credit the employee with the correct amount of contributions and service credit. It also makes it possible for PERF's actuaries to accurately assess future liabilities and correctly determine your contribution rate. Separation from employment instructions and corresponding form, can be found on PERF Online at

[www.in.gov/perf/agency/employer\\_forms.html](http://www.in.gov/perf/agency/employer_forms.html). Separation information should be included in the quarterly employer's report regardless of whether it has been provided on a distribution or retirement application.

## BENEFITS

### Overview

The PERF benefit has two parts:

- 1) an employer-financed pension, and
- 2) an annuity funded by employee and/or by the employer

The employer-financed pension is the larger part of the retirement benefit. Using a formula set by law, the employer pension is based on the employee's:

- creditable service,
- average annual compensation consisting of the highest 20 calendar quarters\* average salary, employer-paid employee contributions (in the quarters used in calculation), and any additional payments made at the time of termination, up to \$2000 (for example, pay for unused sick or vacation days, severance, etc.), and
- multiplier of 1.1 percent.

\*NOTE: The highest 20 calendar quarters do not have to be consecutive, but they must be in groups of 4 consecutive calendar quarters.

The Annuity Savings Account supplements the pension. Beginning with their first day of employment, PERF-covered employees are required by state law to contribute 3 percent of their gross wages (regular wage and overtime pay only) to their Annuity Savings Account. **Gross wages are typically the amount noted as an employee's wages on the W-2 form.** Indiana law permits local units of government and universities to pay their employees' 3 percent contributions as part of a wage adjustment. If local government units and universities elect to pay the 3 percent contributions for employees, their governing body must make that decision and forward a copy of their board minutes to the PERF office. The board minutes must include the effective date of the 3 percent employer paid contribution.

### Retirement Benefits

#### Eligibility Requirements

An employee's eligibility for retirement benefits is determined by two factors:

- age, and
- creditable service

#### Normal Retirement with a Full (unreduced) Pension

Members will become eligible for normal retirement with a full pension if they are in one of the following three categories:

If they: Category 1

- are age 65, and
- have 10 or more years of creditable service under PERF.

If they: Category 2

- are age 60, and
- have 15 or more years of creditable service under PERF

If: Category 3

- they are age 55, and
- their age at retirement plus total years of creditable service under PERF equal 85 or more.

**Following are examples of the age and years of service that qualify a member for full (unreduced) retirement benefits:**

Age	Service
65	10 Years
60 through 64	15 Years
59*	26 Years*
58*	27 Years*
57*	28 Years*
56*	29 Years*
55*	30 Years*

\* If a member's age or years of service is a combination of years and months, the Rule of 85 still applies. For example, a member is 55 years and 3 months old and has 29 years and 9 months of service. The combined total of age and years of service equals 85. However, the member may not be under age 55 to qualify for full benefits.

### **Early Retirement with a Reduced Pension**

**Employees will qualify for early retirement with a reduced pension if they are not in categories 1, 2 or 3 for normal/unreduced retirement and:**

- are between the ages of 50 and 60, and
- have 15 or more years of creditable service under PERF.

If the member is entitled to early retirement with reduced benefits, the following chart shows how the pension part of the benefit is reduced according to the member's age:

Retirement Age	Percentage of Pension
59	89%
58	84%
57	79%
56	74%
55	69%
54	64%
53	59%
52	54%
51	49%
50	44%

#### **Age 70 and 20 or More Years of Service under PERF**

If an employee is age 70 and has 20 years of creditable service, he can begin receiving retirement benefits while continuing to work in a PERF-covered position. A member who chooses to begin receiving monthly retirement benefits while working in a PERF-covered position cannot earn additional service towards retirement.

Under Indiana law, a person in an elected position who becomes age 55 and has 20 or more years of creditable service can begin receiving retirement benefits while continuing to work in that elected position covered by PERF. A member who chooses to begin receiving monthly retirement benefits while working in a PERF-covered position cannot earn additional service towards retirement, however, he may elect to make additional contributions to his Annuity Savings Account.

#### **Retirement Counseling**

Employees within three years of being eligible to retire should receive the latest Pre-Retirement Workshop mailer, which contains workshop dates and locations around the state of Indiana. Potential retirees may visit these workshops for information and assistance in filling out the retirement application. This information also may be found on [PERF Online](#).

For those employees considering retirement, the PERF brochure *Bridge to Retirement* is an essential tool that offers a checklist starting at 24 months from retirement.

To receive an estimate of benefits instantly, log into [PERF Online](#) and click "Estimate Retirement Benefit."

## Counseling Before Retirement

Personal counseling appointments are available for members planning their retirements. Appointments may be made by calling PERF toll-free at (888) 526-1687.

**Federal law prohibits the Public Employees' Retirement Fund from making distributions from the Fund prior to "separation from employment." Uninterrupted service in any capacity or re-employment that, in effect, is a continuation of employment, prevents PERF from making distributions to the employee. Therefore, the employee should not apply for retirement benefits if he/she will continue uninterrupted employment in any capacity (full-time or part-time, in a PERF-covered position or a position not covered by PERF) in any agency or department of his/her current employer.**

## IMPORTANT NOTICE

## Completing the Retirement Application

The **Retirement Application**, as well as step by step instructions, is available on **PERF Online**. The application should be submitted no later than six months before the planned retirement date to ensure timely receipt of benefits.

- Elected more than one option, and
- Did not include a copy of birth certificate and, for Options 30, 40 and 50, a copy of beneficiary's birth certificate

**Check for these common employee errors on the application**

## Choosing a Beneficiary

If your employee selects any of the joint with Survivor Benefit Options (30, 40 or 50), he/she can name only one person as beneficiary. An employee who selects retirement option 10, 61 or 71 may name more than one beneficiary. If an employee names multiple beneficiaries, any benefits due upon the employee's death will be distributed in pro-rata amounts to the named beneficiaries. The beneficiary under options 10, 61 or 71 may be a person, trust, estate, or other legal entity.

- Did not fill in the beneficiary's name, social security number, relationship to employee, date of birth, and phone number

**Check for these common employee errors on the application**

*Those with any questions about completing this form should contact PERF, toll-free, at (888) 526-1687.*

## Additional Materials

As a part of their retirement packet, members receive the following forms:

- Federal Tax Withholding Form (W-4P)
- Indiana Tax Withholding Form (WH-4P), and
- Authorization for Deposit of Recurring Payment (State Form 39175).

## ***Disability Benefits***

### **Eligibility Requirements**

Employees are eligible to apply for disability benefits if they:

- have five or more years of creditable service under PERF before the termination of salary, or employer provided income protection benefits, or leave under the Family and Medical Leave Act (FMLA), or worker's compensation benefits, and
- are determined by the Social Security Administration to be disabled,
- are receiving salary, or employer provided income protection benefits, or are on leave under the Family and Medical Leave Act (FMLA) as of the onset date established by the Social Security Administration.

Upon application, the employee must provide PERF with a Social Security Award Letter for disability. If an employee who is denied Social Security benefits wins an appeal of a Social Security disability determination, the member must send a copy of the Administrative Law Judge's decision along with the Social Security Award Letter.

### **To each of the qualified applicants, PERF will send the following materials:**

- Indiana Tax Withholding Form (WH-4P)
- Federal Tax Withholding Form (W-4P)
- Authorization for Deposit of Recurring Payment (State Form 39175).

In addition to these materials, PERF will enclose a Request for Estimate of Benefits form. The employee who wants an estimate of benefits must send this completed form to PERF before submitting the disability application.

### **Completing the Disability Application**

The Disability Application is very similar to the Retirement Application. To apply for disability benefits, the member must submit the following:

- PERF Disability Application
- Social Security Award letter that lists disability onset date, copy of member's birth certificate and, if options 30, 40 or 50 are chosen, a copy of beneficiary's birth certificate
- Employers must complete the Employer's Report of Separation from Employment form.

Employees will be entitled to receive PERF disability benefits for as long as they continue to be eligible for Social Security disability benefits. According to Indiana law, the employee's disability benefits will begin on the first day of the month following the date on which the employer-employee relationship no longer exists or the date of disability as determined by the Social Security Administration, whichever is later.

Indiana law states that the disability benefit cannot be less than \$100 per month unless the employee elects to receive either a lump sum payment of the Annuity Savings Account or chooses an option other than Option 10. Also, PERF will use the normal retirement factor (100 percent) in calculating the pension for the disabled member.

### **Disability Alternatives**

Members who are eligible for early retirement and have on file with the PERF Board a copy of their application for Social Security disability benefits may file for early retirement and retain their right to PERF disability benefits if the Social Security request for disability is approved. When members notify the PERF Board that they qualify for Social Security disability benefits, PERF will stop the early retirement benefits and begin the monthly disability benefits.

### ***Guidelines for Re-employment of Retired Members***

#### **Re-employed Retired Members Under the Social Security Normal Retirement Age**

Retired members of PERF who are re-employed in a PERF-covered position and have not reached the Social Security normal retirement age, shall have their benefits stopped and shall begin making mandatory Annuity Savings Account contributions when their annual wages exceed the \$35,000 earnings test. Either the members, or employers, may pay the members' 3 percent mandatory contributions. Until annual wages exceed the \$35,000 earnings test, employee contributions are optional.

**NOTE: All PERF retirees employed in a PERF-covered position must be enrolled in the fund and the employer must begin reporting wages and making the employer contributions to the fund.**

For a member who is under the Social Security normal retirement age, the earnings test is re-applied each year (calendar year for PERF). Thus, a member's benefit is re-started at the start of each new year and continues until the earnings test is reached.

#### **Re-employed Retired Members Over the Social Security Normal Retirement Age**

There is no earnings test for PERF retirees who have attained their Social Security normal retirement age.

If a member is over the Social Security normal retirement age, the member may make Annuity Savings Account contributions. An employer who is picking up employee contributions may pay the employee's 3percent contributions, but is not required to do so.

#### **Retirement Eligible Members Age 70 Years and 20 Years of Service**

Members who are at least 70 years of age and have 20 or more years of service may choose to begin receiving retirement benefits and continue to serve in their PERF-covered position. If the member chooses to receive retirement benefits, he does not have to continue to make contributions to his PERF Annuity Savings Account, but may elect to do so. An employer who is picking up employee contributions may pay the employee's 3percent contributions, but is not required to do so. In any event, no additional creditable service will be accrued once benefits begin.

#### **Retired Members Who are Elected or Appointed to an Elected Position Covered by PERF**

Indiana Law, IC [5-10.2-4-8.2](#) provides that if a member of PERF is receiving retirement benefits and is elected or appointed to an elected position covered by PERF, the member must elect either to continue or discontinue retirement benefits while the elected position is held. This election is irrevocable and must be in writing.

If a member chooses to continue retirement benefits, no creditable service will be accrued for service in the elected position. The member does not have to make contributions to his Annuity Savings Account as required in IC [5-10.2-3-2](#), but may elect to do so. If a member chooses to discontinue retirement benefits, he must make the contributions to his Annuity Savings Account and creditable service will be earned for service in the elected position.

**NOTE: Notwithstanding all other rules, if a retired member is re-employed in a PERF or TRF covered position within 90 days of the date on which the member's retirement benefit begins, regardless of age, benefits will be stopped. The member will be treated as never having retired, and employee and employer contributions will be due while re-employed.**

Upon the second retirement, a new benefit will be calculated and added to the prior benefit. The retiree will be paid the original benefit plus a benefit based on his/her new service and "High 5" salary. Anyone can make post-tax voluntary (10 percent) contributions while re-employed.

#### **What You Need to Do as a PERF Employer**

- You will need to report the employees' wages on the quarterly report and make the employer contributions.
- If you pay your employees' mandatory 3 percent Annuity Savings Account contributions on their behalf, you will need to decide whether you will do this for those retirees' who are not required to make these contributions.
- When an employee who is a PERF retiree and who is under the Social Security normal retirement age exceeds the \$35,000 test on gross wages for the calendar year, you must complete an Employer Certification of Wages for Re-Employed Retirees form for PERF, and either you or the employee must begin making the 3 percent Annuity Savings Account contributions.

#### **IMPORTANT NOTICE**

Federal law prohibits PERF from making distributions from the Fund prior to "separation from employment." Also, [35 IAC 1.2-6-6](#) states that if a member terminates employment and becomes re-employed in a PERF-covered position within thirty (30) days from the date of termination, the member is not eligible for the distribution of his/her contributions and accumulated interest.

Uninterrupted service in ANY capacity or re-employment that, in effect, is a continuation of employment, prevents PERF from making distributions to the employee. Therefore, the employee should not apply for a distribution if intending to become re-employed in a PERF-covered position with ANY employer within thirty (30) days from the date of termination, or if continuing uninterrupted employment in any capacity (full-time or part-time, in a PERF-covered position or a position not covered by PERF) in any agency or department of their current employer.

To receive a distribution, the employee must complete a [Claim for Distribution of Contributions and Suspension of Membership](#) form (State Form No. 940).



## ***Survivor Benefits Before Retirement***

### **Eligibility Requirements**

The employee's surviving spouse or surviving dependent may be entitled to survivor benefits:

- If that employee has 15 or more years of creditable service and dies in service, or
- If the member dies while not employed in a PERF-covered position and while eligible to receive benefits but before applying for those benefits,
- If the employee has been married for at least two years before his/her death. When there is no two-year spouse, the survivor benefit is divided between all surviving dependents who are under the age of 18 (or older if the dependent(s) are permanently disabled). If there is neither a surviving spouse nor surviving dependents, then a survivor benefit will not be paid.

Regardless of whether there is a survivor benefit due upon the death of a member, the Annuity Savings Account will be paid to the beneficiary or beneficiaries designated on the **Membership Record** or **Change of Beneficiary** form.

### ***Procedures for Handling a Member's Death Before Retirement***

If a member dies before retirement, either the employer or the deceased member's family must send a copy of the death certificate to PERF.

As the employer, you should refer any written inquiries regarding death benefits to PERF. Then PERF will confirm the beneficiary of record and assist that beneficiary with the claim filing procedure.

It will not be necessary for you to maintain a supply of the different PERF forms used in the event of a member's death before retirement. PERF will send the appropriate claim form and related documents to the beneficiary.

### ***Distribution of Member Contributions Before Retirement***

If an employee is not eligible for either retirement or disability benefits, has terminated employment, and has not been rehired in another PERF-covered position, he is entitled to receive a distribution of the Annuity Savings Account. Those funds consist of:

- 3 percent contributions made either by the employee or on his/her behalf by the employer;
- pre- and post-tax voluntary contributions; and
- accrued interest and earnings.

If an employee wishes to receive a distribution of his Annuity Savings Account balance, simply have the employee fill out a distribution form available from **PERF Online**.

## REPORTING PROCEDURES FOR THE EMPLOYER

### *Quarterly Report of Member Contributions*

A quarterly report and payment of employee and employer contributions are due in the PERF office no later than the fifteenth day following the end of each calendar quarter. Specifically, the due dates are Jan. 15, April 15, July 15, and Oct. 15 each year. If the fifteenth day following the end of the quarter falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day.

The PERF board of trustees has the authority to levy fines up to one hundred dollars (\$100) for each day the reports or payments are late, to be withheld under IC 5-10.3-6-7. Additionally, if the employer is habitually late, as determined by the board, the board shall report the employer to the auditor of state for additional withholding under IC 5-10.3-6-7.

Quarter End Date	Report Due Date
3/31	4/15
6/30	7/15
9/30	10/15
12/31	1/15

**To view instructions for creating and uploading your electronic Quarterly Report of Wages and Contributions file go to PERF's website at [www.perf.in.gov](http://www.perf.in.gov)**

### *Electronic Quarterly Report Filing Instructions for PERF Employers*

Electronic filing is PERF's preferred method of reporting (**this option is not currently available for '77 Fund employers**):

- 1) Click on employer log in.
- 2) Enter your user ID which is your email address and password.
- 3) For instructions on creating your file, click on view the wage and contribution standard file format.
- 4) To upload your file, under file type select Wage and Contribution File (select test wage and contribution file only if you are testing and not submitting your file).
- 5) Under file location, click the browse button to locate your file.
- 6) Enter your employer account code.
- 7) Click upload.

You will receive a send successful message or an error message. If you receive an error message, you must correct the errors on your file and resubmit by repeating the steps above.

Once the upload is successful, please remember to fax a copy of your Summary of Wages and Contributions Paid sheet to 317-233-2815. The original summary will be mailed with your payment. Please see the section titled Submitting your Payments for proper payment instructions.

### ***Instructions to create paper Quarterly Reports for PERF***

#### Quarterly Report of Wages and Contributions

- 1) Enter employer number and name, fund and quarter end date.
- 2) Enter employee's SS# and last name.
- 3) Enter the salary paid to the employee for the quarter in the "Wages" column.
- 4) Enter the mandatory employee contributions (3percent) in one of the "Mandatory" columns. If you deduct from the employee's pay, list it under the "Post-Tax" column. If you contribute on behalf of the employee, list it under the "Pre-Tax" column.
- 5) Enter Voluntary contributions in one of the "Voluntary" columns. Currently all contributions deducted from the employee's pay should be reported under the "Vol. Post-Tax" column. When PERF receives a ruling from the IRS, the voluntary contributions could then be entered in the "Vol. Pre-Tax" column if the employer reports likewise in the members' W-2. Voluntary (pre or post) contributions cannot exceed 10percent of the wages reported each quarter.
- 6) Enter the separation type and separation date (MMDDYYYY) in the columns "Sep Type and Sep Date" for those employees that have separated from employment.

#### **Separation type:**

"T" = Termination

"B" = Begin Leave of Absence

"E" = End Leave of Absence

If you include a separation type you must include the separation date in the "Separation Date" column.

### ***Summary of Wages and Contributions Paid***

Complete the top section accurately (i.e. employer name, address, quarter end date, number of employees and employer number (xxxx-xxx)).

**Line 1** - Enter total wages for the quarter.

**Line 2** - Enter your employer percentage rate.

**Line 3** - Line 1 times the employer percentage rate.

**Line 4** - Line 1 times 3percent, which is the employee percentage rate.

**Lines 4A and 4B** - Identify the share of employee contributions from line 4 that is paid by the employer (pre tax) and the employee (post tax).

**Line 5** - Any employee voluntary contributions if applicable.

**Line 7** - Your lump sum or past service payments if applicable.

**Line 9** - Any credits you have from prior adjustments sent (deduct this amount before preparing your check).

**Line 11** - Line 3 plus line 4, which is the total contributions and check amount.

Sign and Date the bottom of the sheet and include your phone number and title.

Once completed, mail both the Quarterly Report of Wages and Contributions and a copy of your Summary of Wages and Contributions Paid sheet to the following address:

Public Employees' Retirement Fund  
143 West Market Street  
Indianapolis, IN 46204-2899

The employer forms are online for your convenience at [www.in.gov/perf/agency/employer\\_forms.html](http://www.in.gov/perf/agency/employer_forms.html)

***Quarterly Report Instructions for Police and Fire Fund Employers***

After each quarter, PERF will mail '77 Fund employers the quarterly reports generated from the prior quarter information received and processed. These reports must be corrected to coincide with the current quarter and returned to PERF by the 15th of the month following the quarter end date. Please make your corrections to PERF's report if possible. If you must create your own report, it must be in ascending SS# order.

Complete the Summary of Wages and Contributions Paid sheet as indicated above for the PERF Fund employers. The exception to these instructions is the '77 Fund employer contribution rate is always 21 percent and the mandatory employee rate is always 6percent of the total wages. Also, there are no voluntary contributions for the '77 Fund.

**At this time, PERF cannot receive report uploads via the website. Please continue to mail these reports.**

Once completed, mail corrected Quarterly Report of Wages and Contributions and a copy of your Summary of Wages and Contributions Paid sheet to the following address:

Public Employees' Retirement Fund  
143 West Market Street  
Indianapolis, IN 46204-2899

The yellow envelopes included with the mailings are for your quarterly payments. Please do not send checks directly to the PERF office. Please see the section below titled "Submitting your Payments" for proper remittance instructions.

***Submitting Your Payments (this applies to all PERF and '77 Fund employers whether submitting electronic or paper reports)*****Quarterly Wages and Contributions Payments**

All quarterly payments MUST be mailed along with the Summary of Wages and Contributions Paid sheet to the following address:

Public Employees' Retirement Fund  
P.O. Box 66165  
Indianapolis, IN 46266

Or, you may receive instructions on how to wire your funds by calling 317-234-3890. Please remember that quarterly payments should NOT be mailed directly to the PERF office.

**Adjustments**

Adjustments for prior quarters should NOT be submitted on the current quarter reports. You must use the adjustment sheets found on the PERF website at [www.in.gov/perf/agency/employer\\_forms.html](http://www.in.gov/perf/agency/employer_forms.html). There is also an adjustment sheet instructions section for assistance.

**All payments for prior quarter adjustments only should be mailed directly to the PERF office at:**

Public Employees' Retirement Fund  
143 West Market Street  
Indianapolis, IN 46204-2899

**Wages and Contributions Contact Information:**

Phone: 317-234-3890  
Fax: 317-233-2815  
E-mail address: [perfwc@perf.in.gov](mailto:perfwc@perf.in.gov)

## CONTACT PERF

***Public Employees' Retirement Fund***  
**TELEPHONE DIRECTORY**

PERF Receptionist / Switchboard----- (317) 233-4162  
TDD For Hearing Impaired----- (317) 233-4160  
Toll Free Number----- (888) 526-1687  
FAX Number----- (317) 232-1614